

CONTRACT #2
RFS # 317.86-023

**Department of Finance
& Administration**

Insurance Administration

VENDOR:
**Fort Dearborn Life Insurance
Company**



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
INSURANCE ADMINISTRATION
312 Eighth Avenue North
Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
FAX (615) 253-8556

Dave Goetz
COMMISSIONER

Richard Chapman
EXECUTIVE DIRECTOR

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: Richard Chapman *Richard L. Chapman*

Date: August 9, 2007

RE: Amendment for Fort Dearborn Life Insurance Company

Please find attached a Non-Competitive Amendment request to add language to the existing contract with Fort Dearborn Life Insurance Company signed by Commissioner Goetz. The amendment to this contract provides for the extension of the term through December 31, 2008, continuing at the current rate of compensation. The option to extend the contract for up to an additional two years was included in the original contract with this vendor and the amendment exercises the final option to extend this contract. A request for proposals will be issued during calendar year 2008 to secure services currently provided by this vendor.

The base contract and amendment # 1 are included as is a draft of amendment # 2 for your review.

Thank you for your consideration of this request.

RECEIVED

AUG 10 2007

FISCAL REVIEW

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	317.86-023	
2) State Agency Name :	Finance and Administration	
EXISTING CONTRACT INFORMATON		
3) Service Caption :	Basic Term Life, Accidental Death and Disability, and Optional Accidental Death and Disability services.	
4) Contractor :	Fort Dearborn Life Insurance Company	
5) Contract #	FA-04-15782-00	
6) Contract Start Date :	January 1, 2004	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2007	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$45,000,000	
PROPOSED AMENDMENT INFORMATON		
9) <u>Proposed</u> Amendment #	# 2	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	November 1, 2007	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2008	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$52,000,000	
13) Approval Criteria : (select one)	<input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
Extends the contract term for an additional year at the rate of compensation provided during calendar year 2007.		
15) Explanation of Need for the Proposed Amendment :		
The option to extend the term was included in the original contract and the Contractor has agreed to maintain the current compensation		

rates for 2008.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Fort Dearborn Life Insurance Co., 1020 31st Street, Downers Grove, IL 60515

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

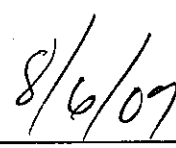
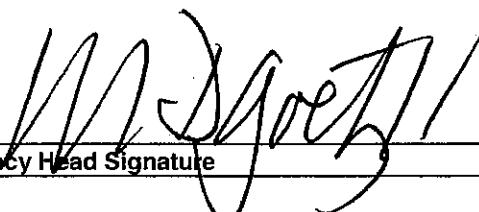
At this time, Benefits Administration is agreeable to the continuation of the current rate negotiated with the Contractor and considers a term extension appropriate, prudent and is in the best interest of plan participants.

21) Justification for the Proposed Non-Competitive Amendment :

The extension of the contract with the current rates is acceptable to the State and the Contractor.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)



Agency Head Signature

Date

**AMENDMENT TWO
TO CONTRACT NUMBER FA-04-15782-00**

This Contract Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the "State" and Fort Dearborn Life Insurance Company, hereinafter referred to as the "Contractor". It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:

B.1. Contract Term. This Contract shall be effective for the period commencing on January 1, 2005 and ending on December 31, 2008. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. The text of Contract Section C.1. is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Fifty-Two Million Dollars (\$52,000,000.00). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. The text of Contract Section E.2. is deleted in its entirety and replaced with the following:

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Marlene D. Alvarez, Manager of Procurement and Contracting
Tennessee Department of Finance & Administration
Division of Insurance Administration
312 Eighth Ave. No., 26th Floor WRS Tennessee Tower
Nashville, TN 37243-0295
Telephone # : 615-253-8358
Fax # : 615-253-8556
Email Address: marlene.alvarez@state.tn.us

The Contractor:

Maria Suarez, Manager of Broker Relations
Fort Dearborn Life Insurance Co.
1020 31st Street
Downers Grove, IL 60515
Phone: 630-824-6155
Fax: 630-824-5413
Email Address: maria_suarez@fdlic.com

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

The revisions set forth herein shall be effective November 1, 2007. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

FORT DEARBORN LIFE INSURANCE COMPANY:

HERM LeFEVRE, CHIEF UNDERWRITING OFFICER **DATE**

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY

**STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE:**

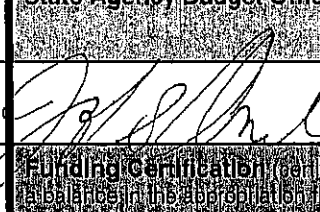
M. D. GOETZ, JR., CHAIRMAN **DATE**

APPROVED:

M. D. GOETZ, JR., COMMISSIONER **DATE**
DEPARTMENT OF FINANCE AND ADMINISTRATION:

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY **DATE**

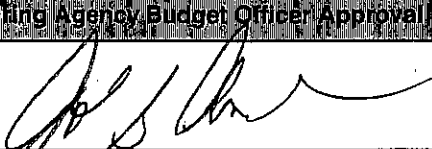
RFS #				Contract #			
317.86-023				FA-04-15782-01			
State Agency				State Agency Division			
Finance & Administration				Insurance Administration			
Contractor Name				Contractor ID # (FEIN or SSN)			
Fort Dearborn Life Insurance Company				<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V-		36-2598882	
Service Description							
Basic Term Life, AD&D, and Optional AD&D Insurance services.							
Contract Begin Date		Contract End Date		SUBRECIPIENT or VENDOR?		CFDA #	
January 1, 2004		December 31, 2007		Vendor			
Mark Each TRUE Statement							
<input checked="" type="checkbox"/> Contractor is on STARS				<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts			
Allotment Code		Cost Center		Object Code		Fund	
317.86		50, 56		890, 900		55	
FY		State		Federal		Interdepartmental	
2004-2006						39,000,000	
2007						4,950,000	
2008						1,050,000	
TOTAL:						45,000,000	
						39,000,000	
						4,950,000	
						1,050,000	
						45,000,000	

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #	
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	John Anderson 13 th Floor, WRS Tennessee Tower, 312 8 th Ave No Nashville, TN 37243	
2004-2006	39,000,000		State Agency Budget Officer Approval	
2007	1,000,000	3,950,000		
2008		1,050,000		
TOTAL	40,000,000	5,000,000		
End Date	December 31, 2006	December 31, 2007		

Contractor Ownership (complete only for base contracts with contract # prefix FA or GR)				
<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	
Contractor Selection Method (complete for ALL base contracts—N/A to amendments or delegated authorities)				
<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method		
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Negotiation w/ Government (e.g., ID, GG, GU)	<input type="checkbox"/> Other		
Procurement Process Summary (complete for selection by Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)				
2 7008				

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 MAY 30 PM 2:13
 OFFICE OF
 CONTRACTS
 STATE OF TENNESSEE

CONTRACT SUMMARY SHEET

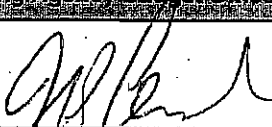
RFS Number: 317.86-023 / REVISION (2-19-04)		Contract Number: FA-04-15782-00	
State Agency: Finance & Administration		Division: Insurance Administration	
Contractor: Fort Dearborn Life Insurance Company		Contractor Identification Number: 36-2598882	
<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-			
Service Description: Basic Term Life, AD&D, and Optional AD&D Insurance services.			
Contract Begin Date: January 1, 2004		Contract End Date: December 31, 2006	
Allotment Code: 317.86	Cost Center: 50, 56	Object Code: 890, 900	Fund: 55
		<input type="checkbox"/> on STARS	
FY	State Funds	Federal Funds	Interdepartmental Funds
2004			37,000,000
2005			1,000,000
2006			1,000,000
2007			1,000,000
Total:			40,000,000
CFDA		Check the box ONLY if the answer is YES	
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name: John Anderson		Is the Contractor a VENDOR? (per OMB A-133)	
Address: 13th Floor, WRS Tennessee Tower, 312 8th Ave No		Is the Fiscal Year Funding STRICTLY LIMITED?	
Phone: Nashville, TN 37243		Is the Contractor on STARS?	
Procuring Agency Budget Officer Approval Signature: 		Is the Contractor's FORM W-9 ATTACHED?	
		Is the Contractor's Form W-9 Filed with Accounts?	
COMPLETE FOR ALL AMENDMENTS (only)		Funding Certification	
END DATE →	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. <div style="border: 1px solid black; padding: 10px; text-align: center;"> FEB 27 2004 DIRECTOR OF ACCOUNTS </div>
FY: 2004	37,000,000		
FY: 2005	1,000,000		
FY: 2006	1,000,000		
FY: 2007	1,000,000		
FY:			
Total:	40,000,000		

OCR RELEASED
FEB 19 2004
TO ACCOUNTS

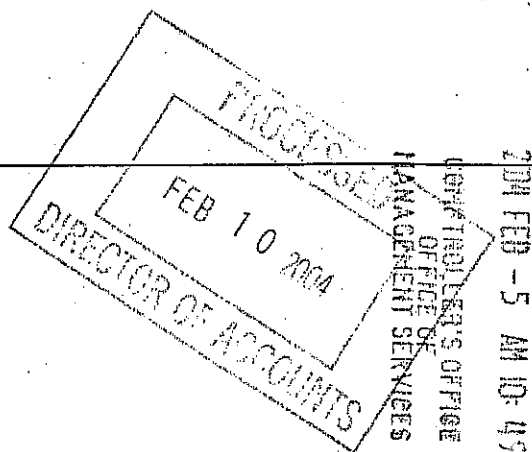
FEB 12 2004

CONTRACT SUMMARY SHEET SUPPLEMENT					
Contract Number		317.86-023 REVISION (2-19-04)			
Fiscal Year		2004 – 2007 The amounts detailed here indicate CHANGES to already existing allocations (submitted in the original contract processing).			
Allocation Code	Cost Center	Object Code	Fund	FISCAL YEAR	Amount
317.86	56	890	55	2004	(\$36,800,000)
	50	900	55		\$33,650,000
317.86	56	890	55	2005	(\$950,000)
	50	900	55		\$2,000,000
317.86	56	890	55	2006	(\$950,000)
	50	900	55		\$2,000,000
317.86	56	890	55	2007	(\$950,000)
	50	900	55		\$2,000,000
TOTAL					NET CHANGE = \$0

CONTRACT SUMMARY SHEET

RF# Number: 317.86-023		Contract Number: FA-04-15782-00	
State Agency: Finance & Administration		Division: Insurance Administration	
Contractor: Fort Dearborn Life Insurance Company		Contractor Identification Number: 36-2598882	
		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	
Service Description: Basic Term Life, AD&D, and Optional AD&D Insurance services.			
Contract Begin Date: January 1, 2004		Contract End Date: December 31, 2006	
Allotment Code: 317.86	Cost Center: 56	Object Code: 890	Fund: 55
		<input type="checkbox"/> on STARS	
FY:	State Funds	Federal Funds	Interdepartmental Funds
2004			37,000,000
2005			1,000,000
2006			1,000,000
2007			1,000,000
Total:			40,000,000
CEDA #		Check the box ONLY if the answer is YES:	
State Fiscal Contact:		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name: John Anderson	Address: 13 th Floor, WRS Tennessee Tower, 312 8 th Ave No	Is the Contractor a VENDOR? (per OMB A-133) X	
Phone: Nashville, TN 37243		Is the Fiscal Year Funding STRICTLY LIMITED?	
Procuring Agency Budget Officer Approval Signature:		Is the Contractor on STARS? X	
		Is the Contractor's FORM W-9 ATTACHED?	
		Is the Contractor's Form W-9 Filed with Accounts? X	
COMPLETE FOR ALL AMENDMENTS (only)		Funding Certification	
	Base Contract & Prior Amendments	This Amendment ONLY	
END DATE →			
FY:			
FY:			
FY:			
FY:			
FY:			
Total:			

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.



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